



Neighborhood Stabilization Program

Comprehensive Neighborhood
Revitalization Fund
Awardee Webinar
February 16, 2010



Webinar Courtesy

- ▶ Please place your phones on mute by dialing * (star) –1
- ▶ Please submit all questions to the webinar. At the conclusion, we will answer written questions from the webinar first.
- ▶ If your question has not been answered, you will be able to ask afterwards, time permitting
- ▶ Any further questions can be submitted by email to: phunt@ihcda.in.gov

WELCOME

Our Staff

- ▶ Peter Hunt
 - Neighborhood Stabilization Program Manager
- ▶ Cecelia Johnson-Powell
 - Community Development Director
- ▶ Brian Philips
 - Community Development Assistant Director
- ▶ Alan Rakowski, Carmen Lethig, Lisa Weathers, Talisha Bradley, Mike Recker, Jennifer Milliken
 - Community Development Representatives
- ▶ Adrienne Schmetzer
 - Environmental Officer
- ▶ Dave Pugh
 - Community Development Inspector

AGENDA

PART 1

- Environmental Review
- Historic Review
- Citizen's Participation
- Income Verification
- Uniform Relocation Act
- Affordability Requirements
- Davis Bacon
- Procurement
- NSP Amendments To CDBG
- Question Time

PART 2

- Funds Management
- Question Time

Goals of the Webinar

- ▶ To ensure all awardees are aware of their obligations with regard to the regulations pertaining to NSP
 - Address compliance issues
 - Clarify any confusion

- ▶ Provide an opportunity to reaffirm the changes brought about by NSP
 - What has changed and what remains the same
 - Where to find further information

Environmental Review General Guidelines

- ▶ All award recipients are required to complete an Environmental Review Record.
- ▶ Release of Funds can not occur until Environmental Reviews are completed.
- ▶ Recipients should not enter into any contracts or commitment of the award, or initiate any activities related to the award until all environmental reviews are concluded.
- ▶ Construction activities may not begin on a property until the Environmental Review process has been completed and a Release of Funds received

Environmental Review Classifications

- ▶ Exempt Activities
 - No requirement of publishing a public notice
 - Only the Summary Page (Exhibit A), Checklist (Exhibit B), and Certification of Exemption (Exhibit C) must be completed
- ▶ Categorically Excluded Activities Not Subject to 58.5
 - No requirement of publishing a public notice
 - Only the Summary Page (Exhibit A), Checklist (Exhibit B), and Certification of Categorical Exclusion, Not Subject to 58.5 (Exhibit D) must be completed

Environmental Review Classifications

- ▶ Categorically Excluded Activities Subject to 58.5
 - A public notice must be published
 - Summary Page (Exhibit A), Checklist (Exhibit B), Certification of Categorical Exclusion, Subject to 58.5 (Exhibit E), Contact Sheet (Exhibit F), and Environmental Review Worksheet (Exhibit G) must be completed.
- ▶ Environmental Assessment
 - A public notice must be published
 - Summary Page (Exhibit A), Checklist (Exhibit B), Contact Sheet (Exhibit F), and Environmental Review Worksheet (Exhibit G) must be completed.
- ▶ Environmental Impact Statement with Finding of Significant Impact
 - Contact your IHCD Community Development Representative for procedures if you determine an Environmental Impact Statement with Finding of Significant Impact is warranted.

Environmental Review Publication Requirements

- ▶ Local Unit of Government Award Recipients
 - Must publish own Request for Release of Funds
 - Exhibits H, I, J, and K are sample notices.
- ▶ NFP Award Recipients
 - IHCDCA will publish a Request for Release of Funds
- ▶ Categorically Excluded Subject to 58.5
 - 7-day local comment period
 - 15-day public comment period
- ▶ Environmental Assessment
 - 15-day local comment period
 - 15-day public comment period

Historic Review Process (S.106)

- ▶ Release of funding cannot happen until the Historic Review is complete.
- ▶ Due to the anticipated volume we are going to modify the review process into **two stages**:
 1. Initial Identification
 - a. target area
 - b. any known or potential historic sites within the target area
 - c. probable action (new construction/rehabilitation/demolition/acquisition only)
 2. Full Investigation of each address within the target area to which NSP funding will be applied

Award recipients should already have received an email regarding the outcome of the stage 1 identification.

Historic Review Process

Stage 1

- ▶ Details of applications have been reviewed by Adrienne Schmetzer for consideration of historical impact.
- ▶ If there are no historic properties affected, then the process will end there. SHPO will advise IHCDCA accordingly.
- ▶ If there ARE potential historic properties that may be affected then a full historic review will be required. This will be Stage 2.

Historic Review Process

Stage 2

- ▶ If Stage 1 identifies the potential presence of historic resources then applicants will be responsible for completing the normal Federal Review Process (use applicable NFP/FP or LUG procedures outlined in Historic Review Manual – see updated 2009–2010). Documentation to include:
 - Provide maps clearly outlining the precise location of each development area, the Area of Potential Effects (APE), any historic properties within the APE.
 - Gather and organize documentary evidence on the history and significance of the structure with; photographs, dates of construction, any known modifications, associations with significant events or persons, any other historical information about properties within the APE.
 - Complete scope of work for each individual property
 - Involve the public by publishing information for comment.
- * Depending on the nature of the action and the potential affects to historic resources additional information may be required to complete the review

Citizen's Participation

The NSP applicant must:

1. Provide a public hearing for the purpose of obtaining citizens' input. Must be completed prior to closing out the NSP award.
 - Discuss community development and housing needs, development of proposed activities.
 - Held at times and locations convenient to potential or actual beneficiaries, with accommodations for persons with disabilities.
 - Public hearings shall be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate

Citizen's Participation

The NSP applicant must:

2. Provide contact information for citizens to submit complaints and grievances. Provide written answers within 15 days, when possible.
3. Legal notice to be published at least 10 calendar days prior to scheduled hearing in the local newspaper of widest publication.

See the manual for more detailed information.

Income Verification Definition

- ▶ IHCD A uses the Part 5 definition for Income Eligibility (formerly Section 8)
 - Part 5 definition of annual income is the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.
- ▶ Found in 24 CFR Part 5.609

Income Verification Time of Eligibility

▶ Homebuyer

- Existing
 - Must be income eligible at the time the purchase agreement is signed
- To Be Constructed
 - Must be income eligible at the time of contract execution or purchase agreement signing

▶ Rental

- Must be eligible at the time of lease execution
- Must re-verify income annually

Income Verification Re-verification

- ▶ An Income Verification is good for 6 months
- ▶ Homebuyer
 - The income must be re-verified if a purchase agreement has not been executed within 6 months of the initial income verification
- ▶ Rental
 - The income must be re-verified if the lease has not been signed within 6 months of the initial income verification
 - NOTE: Income verifications for rental developments funded in conjunction with Low Income Housing Tax Credits are good for 120 days from the date of verification

Income Verification

Whose Income Should I Include?

▶ Adults

- Annual income of any adult member of the family
 - Persons under the age of 18, who have entered into a lease are treated as adults by state law and their annual income must also be counted

▶ Minor Children

- Benefits or other unearned income of minors is counted, this includes child support, TANF payments, Social Security and other benefits paid on behalf of the minor

Income Verification

Whose Income Should I Include?

- ▶ Temporarily absent family members
 - The full income from an absent family member is counted regardless of the amount that the member contributes to the household
- ▶ Adult students living in the home or away from the home
 - If the adult student is counted as a member of the household when determining household size, the first \$480 of the student's income must be counted in the family's income
 - If the student is the head, co-head or spouse the full amount of income must be counted

Income Verification

Whose Income Should I Include?

- ▶ Regular Cash Contribution and gifts
 - Count income received on a regular basis, example: Rent and utility payments paid on behalf of the family
- ▶ Welfare Rent as Income
 - Actual gross amount of Welfare assistance is counted
- ▶ Military Income
 - All regular pay, special pay and allowances of a member of the Armed Forces must be counted.
 - Exception: Special pay to a family member serving in the Armed Forces who is exposed to hostile fire.

Income Verification

Information Needed & Helpful Tools

▶ Information Needed

- Employment verification from employers
- Copies of bank statements
- Verification of Assets
- Verification forms – all other income forms (Exhibits A–Q)

▶ Helpful Tools

- Technical Guide for Determining Income and Allowances for the HOME Program* Revised, can be ordered at 800.998.9999
- Income Calculator–
<http://www.hud.gov/offices/cpd/affordablehousing/library/forms/index.cfm>

Uniform Relocation Act and Section 104(D)

- ▶ Recipients of a NSP award (and other HUD programs) are subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
- ▶ Provides protection of peoples' rights when their property or residence is proposed to be acquired or rehabilitated using Federal funds.
- ▶ Two parts:
 - Acquisition
 - Relocation
- ▶ Reference: HUD Handbook 1378
<http://www.hud.gov/offices/cpd/library/relocation/policyandguidance/handbook1378.cfm>

Uniform Relocation Act and Section 104(d) Property Acquisition

- ▶ Voluntary vs. Involuntary – Handbook 1378, Appendix 23
- ▶ Voluntary Acquisition
 - Purchaser either does not have or will not be using power of eminent domain
 - Purchaser informs owner in advance that purchaser will not acquire the property if negotiations fail
 - Property owner is interested in selling the property
 - Property owner is ineligible for relocation assistance
- ▶ When tenant-occupants may be displaced as a result of a voluntary acquisition, URA's Relocation provisions may apply.

Uniform Relocation Act and Section 104(d) Property Acquisition

- ▶ Property Owner Notification
 - Voluntary Acquisition Notice to Seller (Handbook 1378, Appendix 31 & 32)– Cover letter explaining interest in property
 - Include property's estimated fair market value/proposed purchase price
 - URA brochure, “When a Public Agency Acquires Your Property”
 - Must be sent certified mail or hand delivered with signed receipt
- ▶ Determining the value of property
 - Appraisal is not required if value below \$25,000
 - Appraisal is required if value above \$25,000
 - Appraisal is recommended if property is damaged or valuation is complicated for any other reason
- ▶ Resident Survey – preferences re: relocation – Handbook 1378, Appendix 18A

Uniform Relocation Act and Section 104(D)

Minimizing Displacement

- ▶ Displacement – Occurs when a person (or their property) permanently moves as a direct result of a federally assisted acquisition, demolition, or rehabilitation project.
 - “Direct Result”
 - Person is required to move
 - Person leaves because a decent unit is not offered
 - Person leaves because of unreasonable requirements
 - Person leaves AND the necessary notices were not given or not provided in a timely fashion
 - Person leaves because landlord did not renew lease
 - Landlord forces tenants to move in order to provide a “vacant property”

Uniform Relocation Act and Section 104(D)

Minimizing Displacement

- ▶ Displacement does not include persons who:
 - Were evicted for cause
 - Have no legal right to occupy property
 - Also – illegal aliens not eligible for relocation assistance
 - Before leasing and occupying property, but after application for project funding, receive written notice of the possibility that displacement or an increase in rent may occur and relocation assistance will not be provided.
 - Retain right of use and occupancy of property following acquisition.
 - Grantee decides and HUD agrees in writing nobody was displaced as a direct result of the project
 - Temporary relocation (<12 months)

Uniform Relocation Act and Section 104(D)

Relocation Notices

- ▶ General Information Notice (GIN)
 - Informs occupants of the proposed project and that they may or may not be displaced. To protect grantees, should also caution tenants not to move prematurely, otherwise they could become “unintended displaced.”
 - See Handbook 1378, Appendices 2, 2A, 3, & 3A.
- ▶ Notice to Tenants Moving in After Application
 - Explains a project has been proposed and informs residents they may be displaced or sustain a rent increase as a result and they will NOT be entitled to relocation assistance in either event.
- ▶ Notice of Non-Displacement
 - For acquisition and/or residential rehabilitation projects this notice is issued to occupants who will remain in the project after completion. May advise occupants that they might be temporarily relocated.
 - See Handbook 1378, Appendix 4.

Uniform Relocation Act and Section 104(D)

Relocation Notices

▶ Temporary Relocation Notice

- For those residents not required to move out permanently, but temporarily, if all the conditions of the move are reasonable.
- Must include approximate date and duration of displacement, location of replacement housing, terms and conditions, costs to be reimbursed, and advisory services available.
- For those ineligible for relocation assistance, provide notice, explanation for ineligibility, and right to appeal.

▶ Notice of Eligibility for Relocation Assistance (NOE)

- Informs people that they will be displaced and establishes eligibility for relocation assistance.
- Must describe the type of assistance available, including the estimated reimbursement amounts, and the procedure for obtaining assistance.
- Specific to the individual occupant.
- See Handbook 1378, Appendix 5, 6, & 7.

Uniform Relocation Act and Section 104(D)

Relocation Notices

► 90 Day (and 30 Day) Notices

- Occurs after NOE.
- Informs lawful occupant of the earliest day they might be required to move.
- Notice must be made at least 90 days prior to that date.
- Notice may not be issued until a replacement dwelling is available and the displaced person is informed of its location and given opportunity to lease or purchase.
- If no date is specified in the 90-day notice, the occupants must be informed that they will receive at least 30 days advance written notice of the specific date of the move.
- HUD also recommends a minimum 30-day notice for temporary relocation – with more notice suggested for longer relocations.
- Not required for vacant land or voluntary acquisitions.

Affordability Requirements

- ▶ **Affordability Period** – The period of time that an assisted unit must remain affordable to identified levels of low–moderate–middle–income persons.
- ▶ Subsidies must be secured by a written, legally binding, recorded Lien of Restrictive Covenant (LRC).
- ▶ LRC will be one of several documents sent with award agreements.

Affordability Requirements

- ▶ The affordability periods apply to ALL NSP funded projects.
- ▶ Amount of NSP subsidy per unit
 - Under \$15,000 per unit = 5 years
 - \$15,000 – \$40,000 per unit = 10 years
 - Over \$40,000 per unit or any rehabilitation/refinance combination activity = 15 years
 - New Construction or acquisition of newly constructed permanent rental housing = 20 years

Affordability Requirements

Replacing Non-Compliant Units

- ▶ Fixed units – same throughout affordability period
- ▶ Floating units – can be changed, but must meet the number of AMI levels stated in application.

Labor Standards (Davis Bacon)

- ▶ The Davis–Bacon Act requires the payment of prevailing wage rates (determined by DOL) to all laborers and mechanics on Federal government construction projects in excess of \$2,000.
- The Act requires all contractors and subcontractors performing work on the contract to pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits, as determined by the Secretary of Labor, for corresponding classes of laborers and mechanics.
<http://www.wdol.gov/>
- Davis–Bacon requirements do not apply to contracts for rehab or new construction of a residential property containing less than 12 HOME assisted units or 8 units in a CDBG project.
- All CDBG funded emergency and/or youth shelters are required to pay Davis–Bacon prevailing wage rates.

Labor Standards (Davis Bacon)

- ▶ Statutes governing Labor Standards
 - Contract Work Hours & Safety Standards Act
 - Copeland “Anti-kickback” Act
 - Davis–Bacon Act
- ▶ Regulations governing Labor Standards
 - 21 CFR Parts 1, 3, 5, & 7
 - 29 CFR Parts 1, 3, & 5
- ▶ Department of Labor’s resource for compliance assistance with Davis–Bacon:
 - <http://www.dol.gov/compliance/laws/comp-dbra.htm>

Labor Standards (Davis Bacon)

- ▶ Responsibility of the General Contractor:
 - The general contractor is responsible for the full compliance of all employers (contractor, subcontractor, and any lower-tier subcontractors) with the labor standards provisions applicable to the project. Because of the contractual relationship between a general contractor and his/her subcontractors, subcontractors generally should communicate with the contract administrator only through the general contractor.
- ▶ Responsibility of the Contract Administrator:
 - The administrator is responsible for the proper administration and enforcement of the Federal labor standards provisions on contracts covered by Davis-Bacon requirements. For ensuring the wage decision and contract clauses are incorporated into the contract for construction and compliance reviews by conducting onsite interviews with construction workers and reviewing payroll reports.

Labor Standards (Davis Bacon)

➤ Required documentation:

- Submit “Notice of Labor Standards Officer” (exhibit A)
- Request Wage Decision from IHCD (exhibit B)
- Prepare bid documents– physically include Federal Labor Standards Provisions (4010) & Wage decision
- Follow procurement standards
- Maintain log of entities receiving a bid packet
- Pre-bid conference
- Exhibit D : 7 day Wage Decision Update HOME/RHTC projects
- Exhibit E: 10 day Wage Decision Update– procured contractors
- Open bids publicly
- Prepare bid tabulation
- Retain minutes of bid opening
- Submit “Verification of Contractor and Subcontractor Eligibility” (exhibit F)

Labor Standards (Davis Bacon)

- Required documentation continued:
 - Award contract at public meeting and retain copy of minutes. Include: HUD 4010, Wage Decision, Federal Contract Provisions (exhibit G) & Davis–Bacon Provisions (exhibit H)
 - Submit “Notice of Contract Award” (exhibit I)
 - Pre–construction conference (by IHCDa staff)
 - Submit “Notice of Start of Construction”
 - Certified Weekly Payrolls
 - Employee interviews– 10% of each trade
 - Submit “Notice of Completion/Final Inspection” (exhibit L)
 - Submit “Final Wage Compliance” (exhibit M)

Procurement Overview

- ▶ Requirements that must be followed when procuring all materials, supplies, equipment, and construction or professional services.
- ▶ Requirements differ depending on who is doing the procurement: Local Units of Government vs. Not-for-Profits Agencies.

Procurement Regulations

▶ Federal:

- CFR Part 85

<http://www.access.gpo.gov/nara/cfr/>

- OMB Circular A-102

<http://www.whitehouse.gov/omb/>

- OMB Circular A-87

<http://whitehouse.gov/omb/>

▶ Indiana:

- Public Purchases Law (IC-36-1-9)
- Public Works Law (IC-36-1-12)

Procurement

Local Units of Government

- ▶ If a local unit of government is the recipient of the NSP award, the local unit of government's procurement standards must be used in all phases of procurement.
- ▶ These standards apply whether staff, a sub-recipients, or a contractor of the municipality receiving the funds performs procurement.

Procurement

Local Units of Government

1. Competitive Sealed Bids

- All construction contracts procured by a LUG must be through this method.
- Solicited through formal advertising.
- Must be published at least 14 days before bid due date.
- Bids opened at public meeting.
- Awarded to lowest or most responsive bid.

2. Competitive Negotiation

- Recommended for all procurement of professional services
- Request for Proposals (RFP): proposals from two or more qualified firms.
- Proposals evaluated based upon a pre-established criteria
- Negotiations should be conducted with at least two of the sources submitting proposals.

Procurement

Local Units of Government

3. Small Purchases Procedures

- Services under \$25,000.
- A minimum of two quotes, one from MBE/WBE firm
- Supplies and Materials under \$25,000
- May purchase on the open market with at least two informal price quotations.
- May invite quotes from at least two vendors.

4. Non-Competitive and Sole Source Purchases

- May only be used in three circumstances:
 - a. Public urgency will not permit a delay for competitive solicitation
 - b. The item described is available from only one source.
 - c. After solicitation of a number of sources, competition is determined inadequate.

Procurement Methods Not-for-Profits

- ▶ May utilize their own procurement standards as long as:
 - The standards comply with OMB Circular A-110.
 - The standards, including any updates, have been approved by IHCDA.
- ▶ If the above requirements are not met, Not-for-Profit must follow the local unit of government's procedures.

Procurement Procedures

Other Considerations

- ▶ Contractor verification required for all recipients.
- ▶ Required Contract Provisions (i.e., federal contract provisions, names and addresses, scope of services, etc.).
- ▶ Cost/Price Analysis (when one bid is received).
- ▶ Retainage Requirements (contracts over \$100,000).
- ▶ Bonding Requirements (contracts or sub-contracts over \$100,000).
- ▶ Notice of Contract Execution (submit to Community Development Coordinator).
- ▶ Insurance Requirements (construction and on-going).
- ▶ Policy Requirements (contractor liability and builders risk).

NSP Amendments To CDBG

- ▶ Definitions: Abandoned, Blighted, Foreclosed, Vacant and others.
- ▶ Income Eligibility: <50% and up to 120%. Low, Moderate and Middle Income. At least 25% of funding must be used to support <50%AMI .
- ▶ Eligible Activities: 5 activities only – Finance Mechanisms, Acquisition/Rehab, Redevelopment, Demolition, Land Bank.
- ▶ Administration: No more than 10% of total allocation.
- ▶ Continued Affordability: As per HOME regulations.
- ▶ Homebuyer Counseling: At least 8 hours per homebuyer supported with NSP.

NSP Amendments To CDBG

- ▶ Land Banks: Must be obligated to another NSP activity within 10 years.
- ▶ Obligation Of NSP Funds: Within 18 months by 21st September 2010.
- ▶ Expenditure Of NSP Funds: Within 4 years by 30th June 2013.
- ▶ Rehabilitation Standards: At least to Indiana Code.
- ▶ Sale Price For Homes: Must not exceed total development costs, including carrying costs.
- ▶ Acquisition Discount: Must achieve a minimum of 1% discount on each individual property that is purchased.

NSP Amendments To CDBG

- ▶ One-for-One Replacements: Not required to replace, one-for-one, demolished or converted dwelling units for beneficiaries (<80%AMI).
- ▶ Outputs: Management information to be collected – measures of activity undertaken.
- ▶ Outcomes: Management information to be collected – long-term measures of change in a community.
- ▶ Milestones: Management information to be collected – timelines for key activities.

Question Time

- ▶ We will answer written questions first.
- ▶ Then open the floor to additional questions.
- ▶ If you have a question specific to your project then please email it to phunt@ihcda.in.gov